



FARM SERVICE AGENCY FACT SHEET

(February 2004)

Important Facts To Consider With Land Sales or Purchases

There are three important Farm Service Agency (FSA) program areas that are of concern to individuals, businesses, and others in relation to land sales and purchases in Wisconsin and other states:

- **Agricultural Foreign Investment Disclosure Act of 1978**
- **Conservation Reserve Program (CRP) contracts**
- **Inventory Farms (Farm Loan Program)**

Please read the information below and call the local FSA office if you have questions.

Agricultural Foreign Investment Disclosure Act Of 1978 (AFIDA)

This 1978 Act became effective on February 2, 1979 and requires any foreign person who:

- Acquires or transfers any interest other than a security interest in agricultural land to submit a completed form FSA-153 to the Secretary of Agriculture (via the FSA office) within 90 days after the date of acquisition or transfer, or;
- Holds any interest, other than a security interest, in agricultural land on February 1, 1979, should have submitted a report, to the Secretary not later than August 1, 1979.

The information required by the Secretary should be reported on form FSA-153, which is available on the web the following address: <http://forms.sc.egov.usda.gov/eforms/Forms/FSA0153.pdf> or at local county FSA offices. We encourage you to give a copy of this form to clients who are foreign persons owning, acquiring, or transferring agricultural land in the U.S. or its territories or possessions.

Please return completed forms to the local county FSA office.

Any foreign person who did not submit this form or knowingly submitted a report that was incomplete, misleading or false is subject to **civil penalty** not more than 25 percent of the fair market value of the land on the date the penalty is assessed.

These forms shall be analyzed by the USDA agency staff to develop reports for the Secretary for issue to Congress and the agricultural department in each State. Completed forms and analysis shall be available to public inspection at the Department of Agriculture located in the District of Columbia.

Conservation Reserve Program (CRP)

A Conservation Reserve Program (CRP) contract is a contractual agreement with USDA that continues for a period of 10 to 15 years. It is the responsibility of the participant to ensure that the land continues in the CRP program for the length of the contract.

If land is sold and the new owner does not succeed to the contract, the previous owner will be required to refund all annual rental payments with interest from the date of disbursement, cost-share payments with interest from the date of disbursement, and also will be charged liquidated damages which equal 25% of the annual rental payment on the acres involved. **This can add up quick and be very expensive!**

What should you do?

- Check with the landowner to be aware of any CRP contract and appendix on the land so you can make prospective buyers aware.
- Ensure that sellers with CRP contracts consider the financial consequences of land sales to individuals who won't continue CRP contracts.
- Ensure that the buyer understands that if they succeed to the CRP contract, it will be as originally approved, including all cover maintenance requirements. The buyer should also understand that if they cause the contract to be terminated after they succeed to it, they will be responsible for repaying all earlier CRP payments, plus interest and liquidated damages, including payments received prior to the sale.
- Upon completion of the sale, **immediately** notify the FSA office of the new owner's name and address so they can be contacted about succeeding to the existing CRP contract(s).

Inventory Farms - Farm Loan Program (FLP)

If you have any questions as to whether property is FSA inventory, contact your local FSA office.